

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
BEFORE THE HONORABLE ROGER L. EFREMSKY, JUDGE

In Re:) Case No. 12-48131
) Chapter 7
)
PICONGEN WIRELESS INC.,) <u>TRUSTEE'S MOTION to SELL</u>
) <u>PROPERTY FREE and CLEAR [15]</u>
) (Portion of hearing only:
Debtors.) testimony of two witnesses)
)
) Tuesday, January 22, 2013
) Oakland, California

Appearances:

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For the Debtor's Equity Holders:	Robert A. Simon, Esq. 3815 Lisbon Street Fort Worth, Texas 76107
For Paul Mansdorf, Chapter 7 Trustee:	Jeremy W. Katz, Esq. Pinnacle Law Group 425 California Street, Suite 1800 San Francisco, California 94104
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For Robert O. Groover III:	Robert O. Groover III, Esq., <i>pro se</i> 14801 Quorum Drive, Suite 500 Dallas, Texas 75254-1449
For the Sigma Group, a prospective bidder:	Eric A. Nyberg, Esq. Kornfield, Nyberg, Bendes & Kuhner 1907 Broadway, Suite 225 Oakland, California 9494612-2223
Also present:	David E. Bartlett, Esq.

Digital Court
Recorder:

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I N D E X

Witnesses:

	Direct	Cross	Other
Mahesh Bigala			
By Mr. Nyberg:	4		
By the Court:			6
By Mr. Simon:		7	
Sai Manapragada:			
By Mr. Simon:	23		
By the Court:			29
By Mr. Nyberg:		31	
By the Court:			31

Tuesday, January 22, 2013

10:16:50 o'clock a.m.

P R O C E E D I N G S

MAHESH BIGALA, SIGMA GROUP'S WITNESS, SWORN/AFFIRMED

THE WITNESS: I do.

THE CLERK: Thank you. You may be seated.

Please state and spell your full name for the record.

THE WITNESS: Mahesh Bigala.

THE CLERK: Spell it.

THE WITNESS: M-a-h-e-s-h, last name Bigala,
B-i-g-a-l-a.

DIRECT EXAMINATION

BY MR. NYBERG:

Q. Mr. Bigala, by whom are you employed?

A. With the Sigma Group.

Q. And what is your capacity with Sigma Group?

A. I'm the CEO.

Q. Okay. And you were here for the initial hearing on the
trustee's motion to sell the assets in this case?

A. Yes.

Q. And that I believe was on -

A. 9th January, yes.

Q. - January 9th; is that correct?

Subsequent to January 9th were - did you have any
contact with anyone from xStream Wireless?

A. Yes.

1 Q. And who contacted you?

2 A. One of the friends, si- - I'm sorry - it's Naidu. There is
3 a common friend. They contacted my common friend. They wanted
4 to have a conference call. I just rendered the whole thing for
5 a conference call, but they are - they were saying that, you
6 know, there is nothing. All these patents are expired. You
7 can't do anything with the patents. What you are going to get
8 if you buy is the two TVs which is what less - even you might
9 get the better TVs for \$2,000 in the market. And all those
10 technologies with us, we're going to do with the new company,
11 better - you acquired are not - you are not going to get
12 anything out of it.

13 Q. Do you - you said there was a conference call?

14 A. Yes.

15 Q. And who was on the conference call?

16 A. Sai Manapragada and Naidu Zanader (phonetic), of his friend,
17 our colleague. And from my - my friend Sri Nevas Kottu
18 (phonetic). And also there is one more gentleman and I don't
19 remember his name. But, you know, it's - in the - from xStream.
20 There's one more gentleman actually.

21 Q. And who initiated the contact for this conference call?

22 A. Naidu initiate the contact through my friend, Sri Nevas, to
23 have a conversation.

24 Q. Sigma Group did not reach out to xStream; it was xStream
25 through your friend reached out to you to set this up?

1 A. That's right. And – yeah.

2 Q. And do you recall what date that conference call took place?

3 A. Maybe 14th or 15th.

4 Q. Okay. And again you were told that the patents and the
5 intellectual property would not be worth anything if you
6 purchased it?

7 A. Yes.

8 MR. NYBERG: Okay. I don't have anything further
9 unless Your Honor has any.

10 THE COURT: No. What I'm going to do is I'm going to
11 take a five-minute break.

12 And then, Mr. Costello, if you want to ask some
13 questions of the gentleman.

14 MR. COSTELLO: Your Honor, I may defer to Mr. Simon,
15 if that's all right.

16 THE COURT: All right. We're going to take a
17 five-minute recess.

18 (Recess taken from 10:19 a.m. to 10:27 a.m. Portion
19 ordered for transcription resumes at 10:27:48 a.m.:)

20 EXAMINATION BY THE COURT

21 BY JUDGE EFREMSKY:

22 Q. And before you start, Mr. Simon, I just want to – sir, you
23 stated this conversation took place on what date, again?

24 A. Probably on the 14th or 15th of January.

25 Q. January. And again on the line was Mr. Manapragada,

1 yourself, -

2 A. My friend, Sri Nevas Kottu.

3 Q. How do you spell his last name?

4 A. K-o-t-t-u.

5 Q. K-o-t-t-u.

6 A. And that's another friend. I think he's called Naidu,
7 N-a-i-d-u. I don't know his full name, but his last name is
8 Naidu.

9 Q. Okay.

10 A. And so one more gentleman from xStream.

11 Q. And then there was a fifth person?

12 A. Yeah.

13 Q. And they initiated the call?

14 A. It said they - Naidu contacted my friend, Sri Nevas, so he
15 initiated the call because he had the conference facility.

16 Q. Okay.

17 A. He set up the call.

18 THE COURT: All right. Go ahead, Mr. Nyberg.

19 CROSS-EXAMINATION

20 BY MR. SIMON:

21 Q. Good morning, Mr. Bigala. How are you?

22 A. Good morning.

23 Q. Yeah. My name is Robert Simon. It's good to you see you
24 this morning.

25 Mr. Bigala, now the conversation that you say occurred

1 on January the 15th, that wasn't your first conversation with
2 Mr. Manapragada and with other people from xStream Wireless, was
3 it?

4 A. No.

5 Q. In fact, you had had a previous conversation on – at least
6 there's email correspondence back to at least January the 3rd,
7 correct?

8 A. Yes.

9 Q. Okay. And on January the 5th there was a conference call,
10 correct?

11 A. I don't know the date but, yes, there was a conference –

12 Q. Okay. And you were a participant – a participant on that
13 call, correct?

14 A. Yes.

15 Q. Okay. And there were – there was someone else named Sri –
16 Sri Nevas Kottu?

17 A. Yes.

18 Q. Okay. And would you tell the Court who Sri Nevas Kottu is?

19 A. He is my friend and also he is my technical advisor.

20 Q. Okay. So he's someone associated with your business?

21 A. Not associated directly, but he advises me on the
22 technology.

23 Q. Okay. So you were talking to the people at xStream Wireless
24 about this technology back to at least January the 5th, correct?

25 A. Yes.

1 Q. Okay. And in one of those and in one of those conversations
2 you said that you were a potential investor or represented
3 potential investors in xStream Wireless, correct?

4 A. Basically the way it -- we were in the process of acquiring
5 Picongen when we heard during the end of the year and when my
6 friend, I asked my friend, who is also technology person, what
7 the technology, he said he will contact a few people whom he
8 knows. And then when he contacted several of his colleagues, I
9 think one of them happened to be Naidu. And he proposed that,
10 you know, we have the similar technology, why don't you listen
11 to us first and do some -- if it works for you, it's better you
12 can join us. That's when he initiated the call.

13 And then when I asked they thought like they have a
14 product ready and they are in launching, --

15 Q. Um-hum.

16 A. -- they want the investment at that stage. But when I had a
17 call they are saying: It's not the stage. We are getting the
18 product from the court.

19 I said what is the company name.

20 Then said Picongen. Okay, that's what we are looking
21 -- we are already working on it, so there is no point in working
22 with it.

23 Q. Someone said to the xStream Wireless people, "We think we
24 might want to invest \$2.5 million for ten percent of the
25 equity," correct?

1 A. If the product is that are need to be produced, they said
2 several contracts are being signed with the companies in India
3 and several – not for the ten percent, only they offer 25
4 percent for 2.5 million. I said it's subject to due diligence.
5 And if they have, they said they have a contract with several
6 companies in India, and the product is ready to be launched, and
7 they need the money to manufacture the product. But in the
8 call, they said it's nothing like that. When I presented to my
9 friend that, you know, they need 2.5 million, it's not that we
10 have not agreed we have said just you discuss the proposal.

11 Q. Okay. So some – but someone said let's discuss this
12 proposal with the \$2.5 million investment in xStream?

13 A. In xStream.

14 Q. Right.

15 A. But not knowing any details of Picongen.

16 Q. Right. And whoever – whoever that was would have acquired
17 equity in xStream in exchange for that 2.5 million, correct?

18 A. It's subject to due diligence.

19 Q. But – yes, right. Subject to due diligence, yes?

20 A. No, not necessarily. Because it's – it's what – it could be
21 \$100,000, it could be 10,000. Unless we do the due diligence,
22 it – my company could be worth 100 million, I could say, can you
23 invest 25 million in my company. But unless I see, I go through
24 the documents, I have no firsthand information of xStream at all
25 except the call.

1 Q. But the number \$2.5 million was in the call, correct?

2 A. Yes.

3 Q. Okay. And – and the 2.5 million, subject to due diligence,
4 would be in exchange for –

5 A. It's – it's – basically it's not – the mention is what they
6 need. They are looking for 2.5 million investment.

7 Q. Okay.

8 A. It's not that we want to invest 2.5 million.

9 Q. Okay. But you said – you said, "I represent people who may
10 be willing to make an investment like this subject to due
11 diligence"?

12 A. It's – yes.

13 Q. Yeah.

14 A. I'm going to be the part of it if I like – if like the
15 property.

16 Q. Okay. And in the – and in the context of that call someone
17 offered to send – xStream offered to send a business plan with
18 information, correct?

19 A. Yes.

20 Q. Okay.

21 MR. SIMON: Your Honor, I have only one copy. May I
22 approach the witness if he recognizes the document?

23 THE COURT: Mr. Katz, Mr. Nyberg, do you want to take
24 an opportunity to look at the document first?

25 MR. SIMON: I'm sorry, Your Honor. I didn't know I

1 would be cross-examining witnesses. I would have brought more
2 copies.

3 THE COURT: Mr. Nyberg or Mr. Katz, if you want an
4 opportunity, I'll have Ms. Narcisse make some copies and you can
5 take an opportunity to review the same.

6 MR. NYBERG: Well, I think maybe there should be a
7 little foundation, first of all, as to, first, whether or not
8 this document was actually sent to -

9 THE COURT: Oh, I understand.

10 MR. NYBERG: - the same -

11 THE COURT: I'm just simply saying if you wanted to
12 meet ahead of time - all right. I'll let Mr. Katz finish.

13 MR. KATZ: We'll see what he has to say.

14 THE COURT: All right. Mr. Simon, if you could lay a
15 foundation with regard to as to whether this gentleman has ever
16 seen the document, let alone when it was sent.

17 MR. SIMON: Sure, sure. May I approach him, Your
18 Honor?

19 THE COURT: You may.

20 MR. SIMON: Thank you.

21 THE COURT: All right. Let the record reflect that
22 Mr. Simon's handed a copy of the - or the alleged business plan
23 to the witness.

24 BY MR. SIMON:

25 Q. Okay. Mr. Bigala, would you take a look at the document in

1 front of you, please. Take as long as you need.

2 Okay. Do you recognize that?

3 A. Yes, in the note. Yes.

4 Q. Okay. So that document was emailed to you, correct?

5 A. Yes.

6 Q. And that document contains information about the technology
7 that xStream was trying to develop, correct?

8 A. I assume so because I have not gone through the whole
9 technology or whole document at all.

10 Q. Okay. But you understand that's the same technology that
11 Picongen was trying to develop, correct?

12 A. I don't know.

13 Q. You don't know, okay. Now when in exchange for what you
14 received – I should say – maybe I should ask the question
15 differently.

16 In the back of that packet I believe there is a draft
17 of a nondisclosure and confidentiality agreement. Do you see
18 that?

19 A. I don't see that – actually, as I said, I didn't even read
20 through the document also. The email after the call, the email
21 was sent later on.

22 Q. Okay.

23 A. That was the initial call and then during the call he sent
24 all the information. Like I said – and I would have gone
25 through the thing, or whatever it is. But basically even when

1 you are saying it was a noncon- -- that's what I'm looking at,
2 actually.

3 Q. Okay. So -- but you've seen that document, it was emailed to
4 you?

5 A. He sent the email and even I -- I might have it in the email.
6 I can see if that's there or not or else I can look at it into
7 the email as well.

8 Q. Okay. But the email had an attachment and that was part of
9 the attachment to the document -- to the email, right?

10 A. I don't recall. I don't remember, that's what I'm saying.
11 I need to check my -- my email.

12 Q. To check your email, okay.

13 A. To see if it is there or not also.

14 Q. Okay. Would that have been on January the 5th?

15 A. As I said, it could be first week, but I don't remember
16 exact date. It could be 5, 6th, I don't know.

17 Q. Okay. But the first week of January, after an email
18 exchange you had a conference call, correct?

19 A. Yes.

20 Q. All right. And after the conference call a further email
21 was sent to you?

22 A. Yes.

23 Q. And the further email had an attachment?

24 A. Yes.

25 Q. And the further attachment looks like this document, a

1 business plan for xStream Wireless?

2 A. I think so, yeah.

3 Q. Okay. Now if you look at the back of that you'll see there
4 is a nondisclosure and confidentiality agreement. Do you see
5 that?

6 A. Um-hum.

7 Q. Okay. Was that nondisclosure and confidentiality agreement
8 ever signed and returned?

9 A. I was never asked, I was never told about any nondisclosure.
10 All I said is what after the call, I was not interested when
11 they said actually they are in the process. It's not – they –
12 when I asked about the business plan, I asked them do you have
13 the client agreement already, why do you need the money. Send
14 me, why do you need the money, the proposal.

15 And they said, oh, we don't – we don't have any
16 contracts signed. We are in the product development.

17 I said at that stage I'm not interested in any of
18 that.

19 And then he said I will share the document to you. If
20 you are interested, you can come back to me.

21 That's how the call ended. He said what is the – why
22 do you need the funds. He said he's going to send the details,
23 but he never sent on the details why we need the fund, but he
24 send the document. After that, I have no idea after that.

25 Q. Okay. Did someone else – so your technical advisor or

1 someone else associated with your business read this attachment?

2 A. I don't think so.

3 Q. Oh, you - you -

4 A. I don't know. I don't know. I didn't even ask him.

5 Q. Okay. You don't know?

6 A. I don't know.

7 Q. Okay. But the nondisclosure, confidentiality agreement was
8 never signed as far as you know?

9 A. I never read all so I don't even know that - if it was there
10 also. I was not even told that there is a nondisclosure, will
11 be there a part of our call, or anything to do with that.

12 And, first of all, I was not sure it's basically we
13 were trying to acquire Picongen. Then the gentleman, the -
14 Naidu said actually there is an investment opportunity which is
15 already existing in the similar technology what are you looking
16 for, why don't you have a call. Then that's when he said, yes,
17 we will talk.

18 Q. Does the technology appear to be the same as best you can
19 tell?

20 A. What is that?

21 Q. The technology that you talked about with xStream, is that
22 the same technology that Picongen is trying to develop?

23 A. It looked to be similar.

24 Q. Okay. And after receiving this, this attachment, and after
25 the telephone conversations that you had had with xStream, then

1 you decided to go ahead and make a bid for the assets of
2 Picongen?

3 A. Not after – well before that only.

4 Q. Before you had – you had decided maybe you would like to
5 make a bid?

6 A. It's I have decided to make the bid on that, I was looking
7 for the California attorney. And meanwhile I was learning more
8 about the technology, what can be done. That's how I contacted
9 several people who are in the net – wireless technologies.
10 That's how one of my friend who is into wireless technology, he
11 contacted several other people that what can be done with this
12 technology. And we are in the process of acquiring this.

13 Q. Okay. And among the people they have contacted was xStream?

14 A. One of them, I think – not xStream actually. He contacted
15 one of his associate, his counterpart in his company, and he
16 happened to be associated with xStream.

17 Q. Okay.

18 A. He has not contacted xStream. He has contacted all his
19 colleagues in his company where he works. And he – one of the
20 person, Naidu, he said: Okay, why are you buying something
21 else. I will introduce to some other company. They are far
22 away and they have the better technology, and all.

23 But when set up the call, it happened to be the same
24 company they –

25 Q. All right.

1 A. - were talking about.

2 MR. SIMON: All right. Your Honor, if I may have a
3 moment? I may be done, but I want to talk to Mr. Costello and
4 briefly to my clients because I'm -

5 THE COURT: Please go ahead, Mr. Simon.

6 MR. SIMON: - fairly new to this.

7 (Pause in the proceedings.)

8 BY MR. SIMON:

9 Q. Mr. - Mr. Bigala, did the contact start as early as December
10 the 28th? That is, on December the 28th, 2012 did Mr. Sri Nevas
11 Kottu contact Naidu about xStream Wireless?

12 A. I don't know when he contacted, but that's when I contacted
13 Sri Nevas, to find out we are in the process of acquiring this,
14 just can you give me some input on the technology.

15 Q. Okay.

16 A. It's actually he has contacted several other people also,
17 just not only Naidu and his colleagues. He has contacted
18 several of the people because he works on the wireless
19 technology. So he contacted several other people, actually.

20 Q. Okay. So now who is Naidu? Would you clarify one more time
21 who Naidu is?

22 A. I don't know, it's Sri Nevas' friend.

23 Q. Okay.

24 A. I think he works for some other company but, you know, they
25 are their clients, or something. And he talked about the

1 product, that this is what we are looking. Then he introduced
2 to xStream, saying that there is an investment opportunity, why
3 are you acquiring in the court. Rather like there is already
4 product available which is having the contract signed, why don't
5 you have a conference call.

6 Q. Okay. And now the conference call took place on January 3rd
7 and you were part of that conference call, correct?

8 A. Yes.

9 THE WITNESS: And to object one thing, Your Honor, I
10 just found what email and the confidential to what they are
11 talking. Just I go through browsing through the email. This
12 was not ever included, actually. Just I'm going through this
13 and included later.

14 THE COURT: The nondisclosure agreement was not
15 included – not part of your email –

16 THE WITNESS: Not included. And I think they included
17 it now.

18 THE COURT: All right. Thank you.

19 THE WITNESS: It's not part of the agreement.

20 BY MR. SIMON:

21 Q. Was the nondisclosure agreement sent to you separately –

22 A. No.

23 Q. – on January the 3rd?

24 A. No.

25 MR. NYBERG: Your Honor, if I may just interject? I'm

1 not sure what the relevance of -

2 THE COURT: I'm just about -

3 MR. NYBERG: - this NDA -

4 THE COURT: I've given Mr. Simon quite a bit of
5 latitude.

6 Go ahead.

7 MR. SIMON: You have, Your Honor, which I appreciate -

8 MR. NYBERG: Because - because just -

9 THE COURT: Just a second.

10 MR. NYBERG: Because the witness has already testified
11 he didn't sign an NDA, so unless Mr. Simon wants to produce a
12 signed NDA I think this is irrelevant.

13 THE COURT: Mr. Simon, do you have a signed NDA?

14 MR. SIMON: No, Your Honor. And that was - that was
15 the point. This information, at least it's my client's
16 position, and it's a little difficult to cross-examine looking
17 at emails on tablets, but that the information was sent on the
18 condition that an NDA would be signed.

19 THE COURT: All right. Well, Mr. Simon, the issue I
20 have before me today is whether Mr. Manapragada individually
21 and/or xStream contacted this gentleman and/or his company to
22 dissuade them from buying or affecting their price. That's what
23 I'm most concerned about. I can see where this is going with
24 respect to xStream and this gentleman, if he's successful in
25 acquiring the subject property here today. I'm more concerned

1 about what was stated to this gentleman about anything that
2 might affect his willingness to bid or the amount he was willing
3 to bid. That's what's germane today.

4 MR. SIMON: All right. And, Your Honor, I don't claim
5 to know.

6 THE COURT: All right. Well, then I think – I think
7 we've covered enough here. If you want to call Mr. Manapragada
8 to the stand to either admit what he stated on the record in
9 this conference call or to deny it, that's fine.

10 MR. SIMON: Your Honor, there actually is a relevant
11 question that – there are a couple of relevant questions, if I
12 may, that directly relate to that issue.

13 THE COURT: With regards to what?

14 MR. SIMON: To the issue of whether – whether the
15 bidding is affected in any way.

16 THE COURT: My question is I want to know – I want to
17 confirm whether Mr. Manapragada contacted this gentleman in that
18 conference call that this gentleman's referenced and basically
19 said: Don't bid on it, you're wasting your time and your money,
20 it's not worth it. That's what I want to know. That's what's
21 germane.

22 MR. SIMON: Okay.

23 THE COURT: Whether it has any effect on this
24 gentleman or not, that's a whole another issue. What I want to
25 know is Mr. Manapragada contacted this gentleman in this

1 conference call and attempted to persuade him either not to bid
2 or to affect his bid to – to keep it down or lower than what
3 somebody else might bid –

4 MR. SIMON: Yeah. Your Honor, this is the first time
5 I've heard about this. Before I would ever call Mr.
6 Manapragada, I would want to talk to him, Your Honor.

7 THE COURT: All right. Do you want an opportunity to
8 talk to him?

9 MR. SIMON: Absolutely.

10 THE COURT: All right. All right, sir, you can step
11 down. We'll take a ten-minute recess until eleven o'clock.

12 (Witness excused. Recess taken from 10:47 to 11:02 a.m.)

13 THE CLERK: Come to order. Court's back in session.

14 THE COURT: Please be seated.

15 All right, Mr. Simon.

16 MR. SIMON: Yes, Your Honor. The equity holders call
17 Sai Manapragada.

18 THE COURT: All right. If you could come forward,
19 sir.

20 SAI MANAPRAGADA, EQUITY HOLDERS' WITNESS, SWORN/AFFIRMED

21 THE WITNESS: Yes.

22 THE CLERK: Thank you. You may be seated. Please
23 state and spell your full name for the record.

24 THE WITNESS: Sai Manapragada. S-a-i is the first
25 name. And last name is Manapragada, M-a-n-a-p-r-a-g-a-d-a.

1 THE CLERK: Thank you.

2 DIRECT EXAMINATION

3 BY MR. SIMON:

4 Q. Good morning, Mr. Manapragada. Are you one of the equity
5 holders of the debtor Picongen?

6 A. Yes.

7 Q. Okay. And are you also a principal of xStream Wireless?

8 A. Yes.

9 Q. Okay. Mr. Manapragada, did you have a telephone
10 conversation that included Mr. Bigala on January the 15th?

11 A. Yes.

12 Q. All right. Would you tell the Court how that telephone
13 conversation came about? Not what happened but how the
14 conversation came about.

15 A. When I talked to Subba Galapardi (phonetic), who is the
16 contact who got me in touch with Naidu, who is the common friend
17 of Sri Nee Kottu (phonetic), who is the friend of Mahesh Bigala,
18 Naidu said this is not kosher. We had given him – him in the
19 sense, Mahesh Bigala, we have shared confidential information.
20 And he said that he wants to confront him. And he did so in an
21 email. And there is a transcript of the email. If you want me,
22 I can read that.

23 Q. Okay. And I want to make sure we're clear on all these
24 pronouns. Who – who wanted to confront whom?

25 A. Naidu wanted to confront Sri Nee Kottu and Mahesh.

1 Q. Okay. Mr. Bigala?

2 A. Mr. Bigala.

3 Q. And why did Naidu want to confront Mr. — what is your
4 understanding of why Mr. — of why Naidu wanted to confront Mr.
5 Bigala and Mr. Sri Nee Kottu?

6 A. I think he felt that he was being taken advantage of by
7 getting him to give information under the assumption that he
8 would — Mr. Bigala and Mr. Kottu would use the information in a
9 confidential manner. And since he did not do it, I think he
10 sent an email to Sri Nee saying that 'I would like to talk to
11 you about xStream and Mahesh.'

12 Q. Okay. And did —

13 MR. NYBERG: Your Honor, — Your Honor, I would move to
14 strike the — whatever comment about what the email contained.
15 If — first of all, there's no evidence of the email. Second,
16 the email would be the best con- — no evidence of its contents,
17 so move to strike his testimony as to what was conveyed in the —

18 MR. KATZ: Then it's hearsay.

19 THE COURT: Yeah. Mr. Simon, I'm going to sustain the
20 objections. What I would like to know —

21 MR. SIMON: We'll get there, Your Honor.

22 THE COURT: Okay. But — I'd like to get there now.
23 And we can go into the other aspects you want to develop, but I
24 want to know what this gentleman said to the other perspective
25 buyer on or about the 14th or 15th of January 2013. That's what

1 I'm focusing on. So let's stick to that.

2 MR. SIMON: Actually, Your Honor, it's the next
3 question.

4 BY MR. SIMON:

5 Q. Did a telephone conversation take place on January the 15th?

6 A. Yes.

7 Q. And who was on the telephone conversation?

8 A. Mr. Bigala, Mr. Kottu, Mr. Naidu, Mr. Galapardi, and myself.

9 Q. Okay. And at that tele- -- in that telephone conversation
10 did you in any way try to dissuade the Sigma Group or Mr. Bigala
11 from bidding on the assets of Picongen?

12 A. No, I did not.

13 Q. Okay. All right. What did you -- what did you say in that
14 telephone conversation?

15 A. For the most part, I was quiet. Naidu wanted me to come on
16 the phone. And there was talk about whether -- I mean that I am
17 interested to work if this -- to develop this technology after
18 the bidding happens. And when I asked about what he actually
19 means, Subba (phonetic), one of the persons on the conference
20 call, said that, you know, that he thought that Mahesh wanted to
21 offer me a job after he acquires the assets. At which point I
22 was under clear instructions that that phone call, I'm not sure
23 supposed to be making any deals. I told him very clearly that I
24 am there only because Naidu asked me. And he told me -- Mahesh
25 Bigala said, "Okay, you guys can do whatever you want. We'll do

1 whatever we want." And at which point, I – I said, "Okay, this
2 conversation is over."

3 The last thing that Subba said was, "This is
4 unethical." And then Mahesh Bigala and he started having an
5 argument, at which point I hung up the phone.

6 Q. Okay. What did Mr. Bigala say, as best you recall before
7 you hung up?

8 A. He was saying that what – when Subba, you know, alleged
9 about his being unethical, he said, "Well, what xStream is doing
10 is also unethical and how can Picongen assets be acquired by
11 xStream, so that is unethical," and at which point I didn't want
12 have that conversation because the reason I hang up is because
13 there is no basis for him to know what happened with the
14 founders and the interest parties – interested parties and the
15 creditors of the company. And I didn't want to be a part of
16 that conversation anymore.

17 Q. Did you understand that you were not allowed to attempt to
18 dissuade –

19 A. Yes, sir.

20 Q. – Mr. Bigala or Sigma Group from bidding?

21 A. Yes, sir.

22 Q. And did you understand you were not allowed to try to lower
23 the bid price by giving incorrect information to – to Mr. Bigala
24 or to Sigma?

25 A. Yes. I'm – I'm aware of that. And I have not done anything

1 to dis- -- said anything to dissuade him from going on with the
2 auction.

3 Q. Okay. Did anyone in the conversation say that these assets
4 aren't very valuable?

5 A. There was an email sent by Naidu, which I was referring to.
6 And I have a copy of that email. Everybody, all five people
7 were copied on that email, and it said -- I think I want to read
8 it.

9 THE COURT: Go ahead. Please read it.

10 MR. SIMON: That copy.

11 THE WITNESS: We don't have it here.

12 MR. SIMON: Your Honor, I have a copy. I'm happy to
13 let the witness take a look at it.

14 THE COURT: All right. Mr. Katz, Mr. Nyberg, do you
15 want to take a look at it first?

16 All right. We're going to mark this --

17 MR. SIMON: May I approach the witness, Your Honor?

18 THE COURT: Do we have a copy of this document?

19 Let me do this, Mr. Simon, what I want, if you could
20 get the document from the gentleman up there, which is the
21 business plan, we'll make a copy of that. With regards to the
22 business plan, I'm going to have that marked as -- I'm just going
23 to reference it as...

24 MR. SIMON: Equity Holder's Exhibit 1?

25 THE COURT: That's fine. And then the email you're

1 referring to will be marked as Equity Exhibit Number 2.

2 MR. SIMON: Very well, Your Honor.

3 THE COURT: And we'll -- as a housekeeping purpose,
4 we'll make copies at the end, so go ahead.

5 MR. SIMON: Okay. Your Honor, may I approach?

6 THE COURT: You may.

7 Let the record reflect Mr. Simon is approaching the
8 witness with the subject email.

9 THE WITNESS: Reading the email.

10 BY MR. SIMON:

11 Q. Would you start by reading to the Court the date, who the
12 email is to, and who the email is from, and the re line, and
13 then that the subject at the -- the -- the text --

14 A. The email is from Naidu Amnuneni (phonetic). It was sent on
15 Monday, January 14th, 2013 at 6:04 p.m. to Sri Nee Kottu.

16 Subject: xStream Wireless and Mahesh.

17 "Sri Nee, do you have a minute to talk about xStream
18 Wireless and Mahesh? Looks like Mahesh is trying to do some
19 backdoor stuff of getting the assets of Picongen based on the
20 information we shared. Without citing all in the product
21 development on getting the patents, it is going to be useless
22 assets, in case if he is thinking of benefitting from it. It
23 would be nice if we can talk ASAP. Regards, Naidu," with the
24 confidentiality notice on it.

25 Q. Okay. Is that the email that prompted the telephone

1 conversation on January the 15th?

2 A. Yes.

3 Q. Okay. And in – that email is not from you, is it?

4 A. It is not from me.

5 Q. Okay. And at any time during the telephone conversation on
6 January the 15th, did you tell Mr. Bigala that the assets aren't
7 worth anything or that the assets are not valued?

8 A. No, I did not.

9 Q. Okay. And did you attempt to dissuade him from bidding?

10 A. No, sir.

11 MR. SIMON: Pass the witness, Your Honor.

12 EXAMINATION BY THE COURT

13 BY JUDGE EFREMSKY:

14 Q. Who is Mr. Naidu?

15 A. Mr. Naidu is a common friend. He is known to me by another
16 close friend of mine, Subba Galapardi, who has been helping me
17 and our company, Picongen Wireless, as a business development
18 vice president. And he has been instrumental in opening doors
19 for the VCs and Angel Investors and for – since 2007. And Naidu
20 Amnuneni has been introduced to validate the technology a few
21 years ago, I don't really recall, maybe it's 2008. At that
22 time, from that moment onwards, Naidu Amnuneni has been on the
23 board of advisors, technology advisors for Picongen Wireless.
24 And when – when Naidu contacted Subba to have a technology due
25 diligence meeting with xStream Wireless –

1 Q. Who is Subba?

2 A. Subba is the person I just told you, the vice president of
3 business development, that has been helping me from 2007. And –

4 Q. Now Subba, is that the same – Mr. Naidu and Mr. Subba are
5 two different people or –

6 A. Yes, sir.

7 Q. Okay.

8 A. Subba is the vice president of business development. Naidu
9 Amnuneni is another person. He is – he is the member of the
10 board of technology advisors for Picongen and also for xStream.
11 And he was approached by Sri Nee, according to one of these
12 emails, asking about xStream and saying that there is an
13 investment offer. And he was doing the technology due
14 diligence. That's how I came to know about this meeting.

15 Q. Okay. And who is Sri Nee?

16 A. Sri Nee is a friend of Naidu. And, as far as I know, he is
17 – so Naidu works at a company called eSilicon. His customer,
18 one of the other companies, I don't know which one, Sri Nee is
19 an employee of that customer company of eSilicon. That's how he
20 knows.

21 Q. And then Kottu?

22 A. Sri Nee Kottu is his –

23 Q. That's a full name, okay.

24 THE COURT: All right. Mr. Katz, Mr. Nyberg, do you
25 have any questions?

1 MR. NYBERG: Just one clarifying thing.

2 CROSS-EXAMINATION

3 BY MR. NYBERG:

4 Q. Good morning.

5 A. Good morning.

6 Q. I just wanted to make sure I was clear on something. You
7 indicated that – let's see if I got the names correct. But
8 Naidu is both a technical advisor, board of technical advisors
9 for Picongen; is that correct?

10 A. Correct.

11 Q. And I believe you also said he's a technical advisor for
12 xStream as well; is that correct?

13 A. We don't have a technical board of advisory for xStream set
14 up yet, but he is – he is in one of the references of the
15 company.

16 Q. Okay. So he is assisting xStream at least?

17 A. Yes.

18 MR. NYBERG: Okay.

19 FURTHER EXAMINATION BY THE COURT

20 BY JUDGE EFREMSKY:

21 Q. And when was xStream – do you know when xStream was
22 incorporated?

23 A. I think roughly the date for application is in the last week
24 of October, first week of November.

25 Q. October of last year?

1 A. October of 2012.

2 Q. Okay. And the purpose of xStream being formed?

3 A. xStream Wireless is – once the – we wanted to develop the
4 technology, the wireless technology that I was working on.

5 Q. At Picongen?

6 A. Through Picongen, yes.

7 Q. Okay. All right. So the purpose was to basically pick up
8 the technology from Picongen and develop it at xStream Wireless?

9 A. Since the bankruptcy was filed, it – it was disclosed at the
10 bankruptcy that we – xStream Wireless is a group that is formed
11 to acquire the assets of Picongen.

12 Q. Okay. And how much money went into the capitalization of
13 xStream Wireless when it was formed in October-November of 2012?

14 A. A hundred thousand dollars.

15 Q. Okay. Has any additional funds come into the company since?

16 A. No, sir.

17 Q. All right. How many employees does xStream Wireless have?

18 A. Currently, one.

19 Q. And who is that?

20 A. That is me.

21 THE COURT: All right. Anything else?

22 MR. SIMON: Your Honor, there's actually quite a bit
23 depending upon what exactly the Court wants to hear.

24 THE COURT: I want to just find out, to hear both
25 sides of the story as the conversation that took place on or

1 about the 14th or 15th of January. That's what I was concerned
2 about. So I have no further questions for Mr. Manapragada at
3 this juncture.

4 MR. SIMON: That was my understanding, Your Honor.
5 That was — that was the issue we were talking about, not the
6 broader issue of should the sale go forward, should the case be
7 converted to — to —

8 THE COURT: On the motion to convert, that's not
9 coming up until February, and there's opposition that's been
10 filed already. So all I have before me today is the — the sale.

11 MR. SIMON: Okay.

12 THE COURT: Okay. All right.

13 All right. Mr. Katz, let me hear from you.

14 MR. KATZ: Thank you.

15 MR. SIMON: Will we get the opportunity to argue, Your
16 Honor?

17 THE COURT: Absolutely. I just want to start with Mr.
18 Katz, hear from Mr. Nyberg, and then hear from you, sir.

19 MR. KATZ: I think it's helpful to go back through the
20 history that the Court began discussing —

21 MR. SIMON: Your Honor, if the witness is finished
22 testifying, —

23 THE COURT: Mr. Manapragada, you may step down. I
24 apologize. Thank you, sir.

25 THE WITNESS: Thank you, Your Honor.

1 (Witness excused and portion ordered for transcription ends
2 at 11:18 o'clock a.m.)

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I, Susan Palmer, certify that the foregoing is a true and correct transcript, to the best of my ability, of the above pages, of the digital recording provided to me by the United States Bankruptcy Court, Northern District of California, of the proceedings taken on the date and time previously stated in the above matter.

I further certify I am not a party to nor in any way interested in the outcome of this matter.

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Dated July 16, 2013